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Switch on!
A Study on Women's Financial Literacy
and Usage of Financial Services in
Harare, Zimbabwe[1]

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The Fletcher Leadership Program for Financial Inclusion (FLPFI) works with policymakers and regulators to design innovative and inclusive policies. The Research Brief Series is an integral part of the Eight Question Method for Policy Development (8QM), the core of the FLPFI curriculum.

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EXECUTIVE SUMMARY

This brief presents the findings of a survey conducted with support and technical guidance of FLPFI. **The research project, designed and directed by Chenuweni Saungweme of the Reserve Bank of Zimbabwe, explored gender disparities in access and usage of financial services, and levels of financial literacy in Harare, Zimbabwe.** The survey, which covered a total of 634 individuals in the seven districts of Harare, provided relevant new data that is gender-disaggregated. Additionally, the study included a module specifically designed to assess respondents' perception of gender equality and economic participation.

One of the survey's key findings is the link between education level and financial literacy, with women appearing to require higher levels of education than men to achieve similar financial literacy results. Income level remains the best predictor of financial literacy, and gender disparities in this area still exist.

The data also revealed that while income disparities indicate who lacks access to financial services for women, there are no actual differences in access or usage of financial products. However, the survey leaves unanswered whether differences in financial literacy affect women or their household's well-being.

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Zimbabwe
Southern Africa
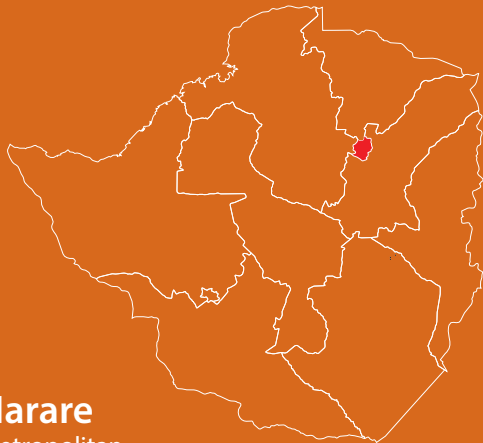
Harare
Metropolitan

BACKGROUND

Zimbabwe's first National Financial Inclusion Strategy (NFIS 2016-2020) prioritized financial inclusion as a means of promoting economic and social development. The efforts of the Reserve Bank of Zimbabwe (RBZ) and the Zimbabwean Government have resulted in an increase in the financial inclusion rates, from 69% in 2014 to 83% in 2022, according to the 2022 FinScope Consumer Survey. However, despite this success, there has not been a corresponding improvement in financial education, with 49% of adults still requiring access to financial education.

The RBZ recognizes that with the rise in access and usage of digital financial services, it is crucial to focus on digital financial literacy, particularly for women, MSMEs, the elderly, pensioners, and people living with disabilities. These groups tend to score lower on financial literacy, as demonstrated by the World Bank's Diagnostic Review of Consumer Protection and Financial Literacy (2014). However, it is important to have better data to understand the gaps in financial literacy among vulnerable populations. Furthermore, in order to develop a targeted strategy and address the needs of women and other vulnerable groups, this data should be gender disaggregated.

Thanks to the financial and technical support of FLPFI, this research project collected gender disaggregated data for Harare province with an aim to find links between lower usage of financial services and low levels of financial literacy among women. The insights provided by the study and the accompanying new data can contribute to informing the second NFIS and a comprehensive National Financial Literacy Policy (NFLP). They can also help in drafting tailored policies and financial instruments that promote financial inclusion while recognizing the unique characteristics of women.
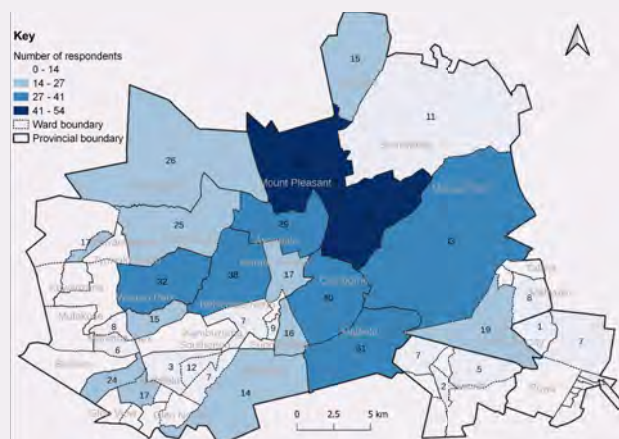
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Enumeration Areas

Distribution of Respondents by Enumeration Area

RESEARCH QUESTION, DATA AND METHODOLOGY

This exploratory study collected data on financial literacy and knowledge and usage of financial services. It also included a module specifically designed to assess respondents' perceptions of gender equality and women's economic participation. The survey used validated instruments and random sampling in Harare, targeting individuals aged 18 and above living in households. Following the stratification by districts and enumeration areas, both households and employees in business centers were randomly selected. [Map 2 shows the enumeration areas, and Map 3 displays the distribution of respondents within each enumeration area.]

A novelty of the study is that it provided gender-disaggregated data on financial literacy, access and usage of financial services, gender equality perceptions, and women's economic activities. The survey also gathered demographic data and household characteristics.

A total of 634 respondents were surveyed, including 320 women and 314 men. The average age of the respondents stood at 41.2 years for women and 39.6 for men. Most households had nine members, including four dependents. Economic decisions in most households were made by either the household head or jointly with the spouse.

The study found that the most common education level achieved was the Ordinary level (O level). Notably, 43.65 of men had an 'O' level as their highest education level, compared to 36.3% of women, with this difference being significant at the 10% level.

Most respondents (71.6%) are employed (71.6%), but there is a significant 15.9 percentage point gender gap in employment. While 76% of men are employed, only 67% or women have employment, with this difference being statistically significant at the 1 percent level. Additionally, women are 9 percentage points more likely to have informal jobs (significant at the 5 percent level). Furthermore, 84% of respondents who are unemployed because they care of the household are women. It is not surprising that men have higher income than women, on average.

This study briefly analyses some gender disparities in financial literacy, access, and usage to financial services, providing unique insights into gender disparities and financial inclusion in Zimbabwe for future research.

Figure 1: Employment Status by Gender

	EMPLOYED		UNEMPLOYED
Male	- 76%	Male	- 18%
Female	- 67%	Female	- 27%
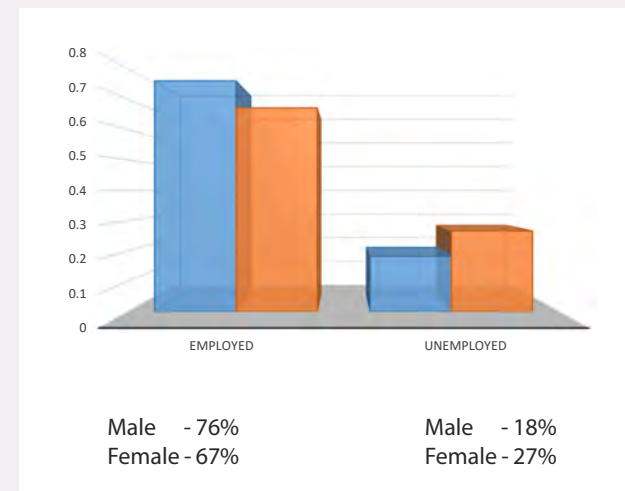
The data confirm the link between education level and financial literacy. The link is even more apparent for women.

KEY FINDINGS

The data confirm a significant correlation between education level and financial literacy, especially for women. Women with 'O' level education or lower are more likely to be financially illiterate than those with higher education degrees. Even women who have reached the 'O' level or higher still exhibit lower levels of financial literacy than men with similar educational backgrounds. The Data in Table 1 suggests that women require higher levels of education to achieve similar levels of financial literacy as men.

Income remains the best predictor of financial literacy, and gender disparities persists in this area, as the most common reason for not having a bank account or a mobile account is the lack of regular income, which is cited by 51.9% of women and 47.6% of men. The gender gap is more pronounced for mobile banking, where 24% of women state the lack of regular income as a reason not to have a mobile account compared to only 9% of men. Therefore, the key issue with accessing mobile money appears to be income differences, as women respondents overall have similar levels of mobile phone ownership.

However, income disparities do not seem to affect the actual access or usage of financial products, as similar numbers of men and women report having access to mobile money platforms (75%) and mobile bank account applications (25%).

Figure 2: Access & Usage of Financial Services by Gender

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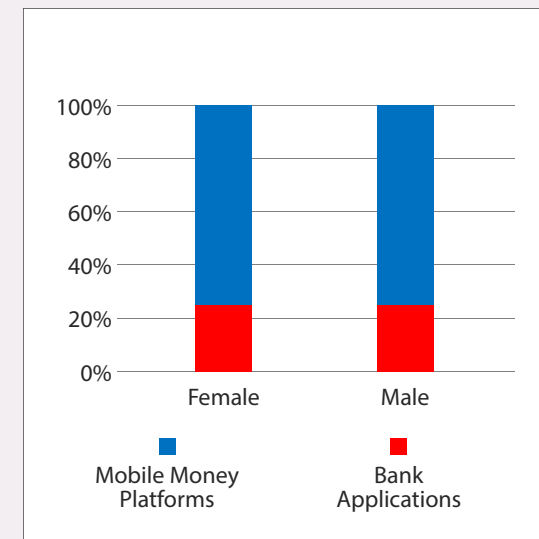
There appears to be a systemic difference in levels of financial education, linked to structural education disparities, which may lead to women being more vulnerable to predatory financial services.

Although there are some slight differences in accessing informal financial services (10% for men versus 8% for women) and traditional bank accounts (12% women versus 11% men), these are not statistically significant. Data shows no differences in access and usage of financial services by gender. However, a major concern is that there appears to be a systematic difference in levels of financial education, often linked to structural disparities in education. This poses a particular challenge, as it could make women more vulnerable to predatory or unfair financial services, or simply ill-equipped to manage the financial products they have access to.

Additionally, the income gap seems to be the primary barrier to accessing financial services for women. This issue is once again related to structural disparities that exist in the wage/ payment gap, access to formal employment, and the disproportionate number of women who must be caregivers for their families.

Further studies will be necessary to validate whether the findings for Harare also apply to the rest of the country, and whether it is possible to isolate causation and corroborate the hypotheses presented in this exploratory study.

Nevertheless, this survey highlights that disparities in access to and usage of financial services are linked to structural issues in the education system and labor market that are beyond the jurisdiction of financial regulators. As a result, policymakers must be aware of these societal structural issues.

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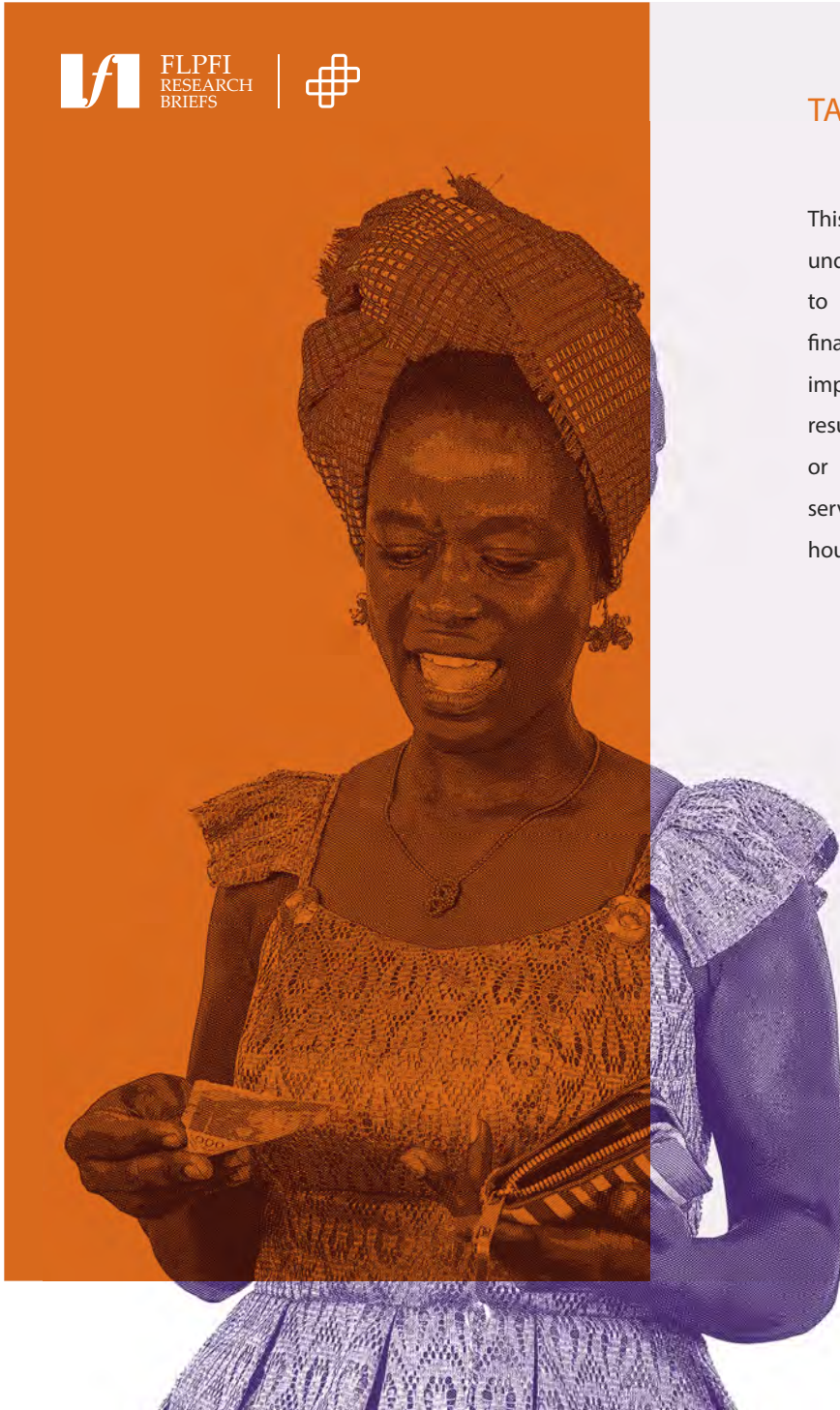
TAKEAWAYS AND NEXT STEPS

This exploratory study highlights the need to understand the structural issues that contribute to gender disparities in accessing and using financial services, and levels of financial literacy. It is important to evaluate if lower financial literacy levels result in inadequate usage of financial products or misunderstanding of terms and conditions of services that affects women's well-being or their households.

The NFIS II and NFLP should incorporate these findings and validate if they apply to the rest of Zimbabwe. Additionally, collaboration with other ministries or agencies may be necessary to address disparities that go beyond financial regulator's jurisdiction. These analyses are the first step in utilizing valuable subnational data for future applied research and policymaking at both national and regional levels in Zimbabwe.

Table 1: Financial Literacy and Level of Education by Gender

	Female Respondent is financially literate?		Difference In means [Y-N]	Male Respondent is financially literate?
	Yes [Y]	No [N]		
	Mean	Mean		
Age of the respondent	42.122	40.899	1.223	36.921
Level of education				
None	0.000	0.043	-0.043***	0.000
Primary level	0.122	0.140	-0.018	0.026
Diploma/certificate after primary level	0.073	0.031	0.042	0.053
ZJC	0.073	0.152	-0.079*	0.000
'O' level	0.146	0.424	-0.278***	0.421
Diploma/certificate after secondary level	0.146	0.047	0.100*	0.105
A-level	0.195	0.086	0.110*	0.105
Graduate/Post-graduate	0.244	0.078	0.166**	0.289
Employment situation				
In paid employment	0.488	0.226	0.262**	0.447
Self employed	0.220	0.428	-0.209**	0.316
Looking for work	0.024	0.093	-0.069**	0.026
Retired	0.122	0.086	0.036	0.105
Looking after the home	0.073	0.093	-0.020	0.000
Student	0.073	0.062	0.011	0.105
Unable to work due to ill-health	0.000	0.012	-0.012*	0.000